GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:907
ANSWERED ON:24.02.2006
FOREIGN EXCHANGE RESERVES
Gangwar Shri Santosh Kumar

Will the Minister of FINANCE be pleased to state:

(a) total foreign currency reserve till 31st December 2005 with the Government and the deficit incurred in comparison to last year; and

(b) the steps taken by the Government to enhance the foreign currency reserve?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): India`s foreign exchange reserves (including foreign currency assets, gold, special drawing rights and the reserve tranche position at the IMF) stood at US$137.2 billion end-December 2005, compared with US$141.5 billion at end-March 2005, indicating an erosion of US$4.3 billion during April-December 2005.

(b): The Reserve Bank of India (RBI) does not have a policy target with regard to level of foreign exchange reserves. However, the broad principles guiding exchange rate management include a policy to maintain a level of foreign exchange reserves which takes into account not only anticipated current account deficits but also liquidity-at-risk arising from unanticipated capital movements.